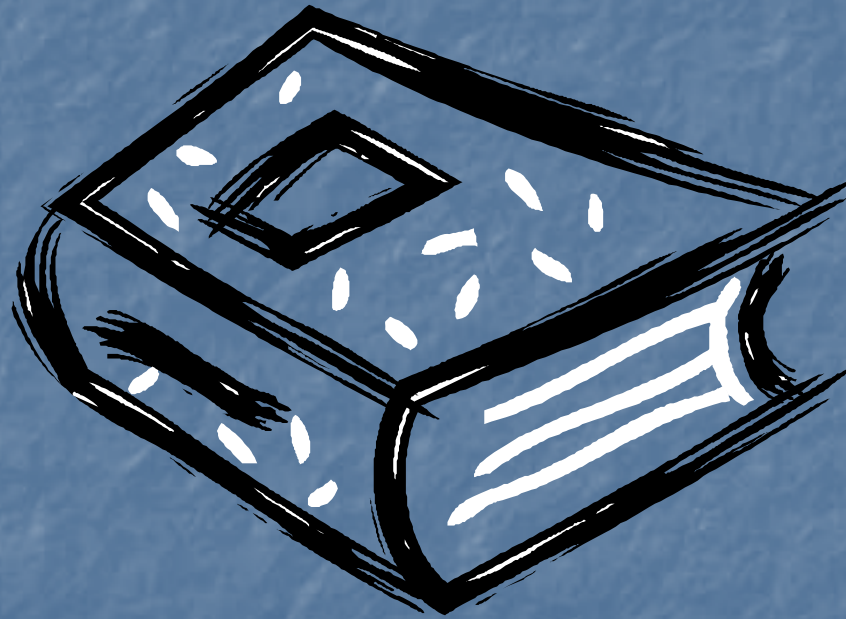


Commonwealth of Virginia Fiscal Fundamentals

The Appropriation Act



Department of Accounts

Tracking Budget Bills

- The Governor issues the budget bill each year by December 20.
- You can track the budget bill during the General Assembly session and view the final version after passage – go to <http://leg1.state.va.us/051/lis.htm> and click on "State Budget."

Budget Periods

- Biennium – Two-year period from July 1 of even numbered year to June 30 of the next even numbered year (for instance, 7/1/04 through 6/30/06).
- Fiscal Year (FY) – One-year period from July 1 to June 30 of the next calendar year (for instance, 7/1/05 through 6/30/06).

The Budget Bill – Regular Sessions

Regular sessions of the General Assembly occur in even-numbered years.

- New Budget – Governor presents a new biennial budget.
 - Effective July 1 in the year passed. As an example, Chapter 4 was passed during the 2004 General Assembly and became effective July 1, 2004.
- Existing Budget – Governor also presents changes for the last fiscal year of the current biennium.
 - Known as the “Mini-Act” or “Caboose Bill.”
 - Effective on passage. For example, this will be the budget bill passed during the 2006 General Assembly Session for the 2004-06 biennium.

The Budget Bill – Short Sessions

Short sessions of the General Assembly occur in odd-numbered years and contain gubernatorial amendments to the biennial budget.

- Budget includes changes to the current fiscal year and the next fiscal year
- Effective upon passage. For example, Chapter 951 was passed by the 2005 General Assembly. This bill modified both FY 2005 and FY 2006 data and became effective May 4, 2005.

Definitions

- Appropriations: The legal spending authority given to agencies by the Governor and the General Assembly.
 - Maximum authority – cannot spend more than the appropriation
 - Conditional authority
 - Revenue must be available before spending
 - Moneys shall be spent solely for appropriated purposes (Appropriation Act, Section 4-1.01b)

Definitions, continued

- Allotments: Executive authorization to spend appropriations.
 - Can never exceed an appropriation
 - May be less than appropriations
 - Provides further budgetary control
 - Law requires Governor to monitor General Fund revenues to ensure cash collected supports authorized appropriations.
 - If revenue collections are insufficient, Governor must reduce allotments to ensure expenditures do not exceed revenue.
 - Delegated executive authority resides in the Department of Planning and Budget.

Comptroller's Responsibilities

- Article X, Section 7 of the Constitution of Virginia states, "No money shall be paid out of the State treasury except in pursuance of appropriations made by law."
- The Comptroller enforces this mandate by entering approved appropriations and allotments into the Commonwealth Accounting and Reporting System (CARS) and editing expenditures against these amounts. DOA ensures line-by-line accuracy between appropriations in the Appropriation Act, allotments approved by DPB, and corresponding CARS balances.

Fiscal Officer's Responsibility

Fiscal officers should ensure that appropriation and allotment amounts have been completely and accurately entered in CARS before submitting expenditures to CARS. This will help prevent agency transactions from failing CARS automated edits, which prevent expenditures that exceed appropriations, allotments, or cash.

The Appropriation Act

- Governs disbursement of public funds
- The Appropriation Act is divided into four major parts.
 - Part 1: Operating Expenses (see next slide)
 - Part 2: Capital Project Expenses
 - Part 3: Miscellaneous (Transfers)
 - Part 4: General Provisions

Part 1: Operating Budget

1-81 ← "Example Agency" (NNN) ← Agency					
Section No.		Item Details (\$)		Appropriation (\$)	
		First Year	Second Year	First Year	Second Year
→ 269	Accounting Services (73700) ← Program			\$ 3,866,036	\$ 3,866,036
Item No.	General Accounting (73701) ← Subprogram	\$ 1,850,174	\$ 1,850,174		
	Disbursements Review (73702) ← Subprogram	2,015,862	2,015,862		
Fund sources: General ← Total by fund & program		\$ 3,700,596	\$ 3,700,596		
	Special ← Total by fund & program	\$ 165,440	\$ 165,440		
Authority: § 2.1-195, 2.1-196.1, 2.1-207 and 2.1-227, Code of Virginia					
Total for "Example Agency" ← Total for agency		\$ 77,430,635	\$ 78,390,809		
General Fund Positions		133.00	133.00		
Nongeneral Fund Positions		1.00	1.00		
Position Level		134.00	134.00		
Fund Sources: General ← Total by fund & agency		\$ 74,989,643	\$ 74,812,041		
	Special ← Total by fund & agency	\$ 2,440,992	\$ 3,578,768		

Part 2: Capital Projects

- Capital project appropriations appear separately from operating appropriations.
 - Identified by 5-digit project number instead of 3-digit program number
- General Conditions
 - Outlines rules, regulations and guidelines governing capital projects
 - Agency executives should be familiar with General Conditions before working with capital projects

Part 2: Capital Projects

- Capital projects are appropriated in total and appropriations can be distributed as follows:
 - First Year only
 - Second Year only
 - Split between the two years
- Unspent capital appropriations will be reappropriated until project is complete

Operating & Capital Appropriations

- All operating appropriations expire on June 30.
- A capital (also called non-operating) appropriation carries forward until the appropriated amount is spent or the project is terminated.

Operating & Capital Cash Balances

- The agency is responsible for collecting and recording the cash to support each non-General Fund (NGF) appropriation
 - NGF cash remains in agency CARS records until spent.
 - NGF cash automatically carries forward to the next fiscal year.
- DOA records cash in CARS to support each agency's General Fund (GF) appropriation
 - Each July 1, agency has GF cash equal to appropriation.
 - GF cash expires on June 30 and does not automatically carry forward to the next fiscal year.
 - DPB may re-appropriate unspent general fund cash in the next fiscal year.

Part 3: Miscellaneous

■ Transfers

- Identified as available for transfer to or from General Fund
- Comptroller required to execute
- Agencies receive courtesy notification prior to transfers

■ Working Capital and Lines of Credit

- Identifies agencies receiving working capital or lines of credit
- Provides regulations regarding these items

■ General Fund Deposits

- Identifies agencies required to make these deposits

Part 4: General Provisions

- Divided into 12 sections (all are important)
 - 4-1: Appropriations
 - 4-2: Revenues
 - 4-3: Deficit Authorization and Treasury Loans
 - 4-4: Capital Projects
 - 4-5: Special Conditions and Restrictions on Expenditure
 - 4-6: Positions and Employment
 - 4-7: Statewide Plans
 - 4-8: Reporting Requirements
 - 4-9: Statement of Financial Condition
 - 4-10: Severability
 - 4-11: Conflict with Other Laws
 - 4-12: Effective Date

Part 4: General Provisions

4-11: Conflict with Other Laws

- Generally takes precedence over all other laws if a conflict arises.
- Exceptions:
 - The Appropriation Act never takes precedence over the Constitution of Virginia.
 - A law enacted after Appropriation Act may take precedence IF wording in that laws states that it takes precedence over the Appropriation Act.

References

- 2005 Acts of Assembly, Chapter 951,
Approved May 4, 2005

[Legislative Information System - State Budget](#)

- Constitution of Virginia

<http://legis.state.va.us/laws/search/constitutiontoc.htm>

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